

Book Review

Tom Barnes (2018) *Making Cars in the New India – Industry, Precarity and Informality*. Cambridge: Cambridge University Press. ISBN: 9781108422130. xvi+261 pp. €31.22 (paperback).

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When we think of countries that make cars, Germany, the United States (USA), Japan and so on come into the mind. However, reality shows that the world's top four car manufacturing countries are China (24.81 million units), Japan (8.35 million units), Germany (5.65 million units) and India (3.95 million units). These are followed by South Korea, the USA, Spain and Brazil. In other words, making cars should be more associated with China and India than the USA and Korea. Silently but forcefully, India has moved to be a top car-making country. In *Making Cars in the New India*, Tom Barnes offers seven chapters on the limits of industrialisation, the auto industry today, industrial policy, labour relations, India's Capital Region, working life, and the low road.

Barnes' use of the well-known concept of a *low road* leads to the core argument of the book, namely that the car industry in advanced countries has been associated with the *high road* to employment – that is, good wages, good working conditions, secure jobs and so on. This is not the case in India. Against the myth of a universal high road in the car industry, Barnes argues that working conditions in India's car industry show a low road. For example, there is a stark division between “a core of permanent or regular workers [and] contract workers” (p. 2). While workers in the former category are somewhat better off, the latter show clear signs associated with Guy Standing's (2011) precariat. In terms of political economy, this means that the “informal economy and its regulatory mechanisms are increasingly incorporated into neo-liberal production structures” (p. 21). It also means employing a certain kind of worker.

Tom Barnes says, “The majority of workers in key auto manufacturing regions are young men from inter-state villages, towns and cities who migrate on a semi-permanent or seasonal basis through formal and informal networks of labour market intermediations” (p. 25). In other words, the farmer-to-worker transition follows the well-known pattern of employing inexperienced young men (many workers in India's car industry are male) from the countryside with no experience in industrial work and no knowledge of an organised working class and trade unions. These men are employed as a precariat and kept in insecure positions. The Hero Company is a good example. It “employs 7 331 regular workers ... with a further 16 412 temporary or casual workers representing 69 per cent of its total workforce” (p. 48).

The splitting of workers into casual vs. regular workers was generously supported by “the emergence of neoliberalism after 1991” (p. 77). Barnes is correct about that even though neo-liberalism never really just emerged; it is not a tree that just emerges out of the ground. Instead, neo-liberalism is a distinct ideology that turned a political theory – liberalism – into an economic belief system. Many of neo-liberalism's key ideologies originated in Hayek's (1944) quasi-religious catechism called *The Road to Serfdom*. Conceptually, neo-liberalism's ideology has been transmitted

by the Mont Pelerin Society (Mirowski and Plewhwe, 2009) and politically by Margaret Thatcher, Ronald Reagan and Augusto Pinochet (Taylor, 2006).

By the 1990s, the neo-liberal ideology had arrived in India. It led to “outsourcing or sub-contracting [and] colonies of workshops and home-based workers” (p. 86). Neo-liberalism also led to a “transformation of labour relations” (p. 105). The thinking of Pinochet-loving Hayek (1978) includes dogmas such as anti-unionism (p. 112) and a deliberately engineered deterioration of wages. Unsurprisingly, a “regular worker” makes around US\$200–265 per month, while “contractors” make about US\$100 per month (p. 113). In addition, car companies appear to use faked trainees and apprentices who earn a meagre US\$45–65 monthly (p. 113). Such extremely low wages contradict Henry Ford’s Five-Dollar Day wage that gave workers a higher wage to buy a Ford car, thereby kick-starting mass manufacturing and global consumerism (Raff, 1988). Low wages also signify one of capitalism’s key contradictions (Harvey, 2014). Capitalism depends on investment as much as on consumer spending. Consumer spending depends on high wages and disposable income. Meanwhile, neo-liberalism, companies and corporate managers drive towards low wages as a prime cost-saving method.

Undeterred, car companies “have systematically divided and restructured their workforces to gain cost advantages, commonly surrounding a shrinking core of regular workers with a larger group of casual workers, trainees and workers hired by multiple labour contractors” (p. 129). There is a clear “transformation of work organisation and employment relations under conditions of economic liberalisation” (p. 136). Unfortunately, India’s labour relations system also means that “as a rule, trade unions do not represent contract workers, who form the overwhelming majority of workers” (p. 137). In other words, splitting workers into casuals and regulars has significantly weakened trade unions while simultaneously opening the door to “the exploitative role played by labour contractors” (p. 159). The fight against unions and the splitting of the workforce also means that “most workers have been systematically denied representation” (p. 165) – a vital ingredient of neo-liberalism and managerialism (Klikauer, 2015).

India’s neo-liberal industrial relations system has even worse outcomes for “work and life at the bottom of the auto supply chain” (p. 170). For those workers in car companies, and even more so for workers in car suppliers down the chain, this means being “driven down the low road” of employment (p. 197). Barnes concludes:

This book has argued that the high levels of industrial, social and political conflict that have characterised India’s auto industry in the twenty-first century can be explained by a combination of four factors: the transformation of commercial relations within the industry by the emergence of global production networks from the 1980s to the 2000s; the conditioning of market conditions and commercial relations by economic liberalisation; the deterioration of labour standards and employment relations in the 2000s under these new institutional rules and market conditions; and, finally, the intersection of these global production networks with entrenched regional social structures of accumulation. At the core of this rising conflict has been the re-fashioning and reproduction of different forms of precarious or informal work (p. 225).

Overall, Tom Barnes provides a fascinating look inside India’s car industry. His work illustrates the process of neo-liberalising industrial relations. This is far advanced in the Indian car industry compared to what we know of the car industry in Canada, Japan, Korea, Germany and the USA. Crucial to the success of neo-liberalism in infecting industrial relations in the Indian car industry has been the assistance of the government. This is shown in the chapter on industrial policy. Even though neo-liberalism rejects the state, it depends on the state to implement its policy of deregulation, or better a re-regulation in favour of capital rather than workers. The state

also supports neo-liberalism by turning against trade unions. In addition, the neo-liberal state gives managers a free hand – known as *macho-management* (Klikauer, 2013: 93). Finally, the ability of employers to split the workforce into a few regular workers and a vast number of casuals has assisted the road downwards.

In the end, Tom Barnes' book delivers a captivating insight into the working conditions in India's car industry. Perhaps the book even foreshadows what is to come as the world is still turning towards neo-liberalism.

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BIOGRAPHICAL NOTE

THOMAS KLIKAUER was born between Castle Frankenstein and Johannes Gutenberg's birthplace in southern Germany. After his apprenticeship in Germany's car industry, he completed an MA at Bremen University and Boston University, as well as a PhD at Warwick University. He teaches MBAs and supervises PhD candidates at the Sydney Graduate School of Management at Western Sydney University, Australia. Thomas Klikauer has published books such as *Managerialism* (Palgrave Macmillan, 2013) and a textbook on *Managing People in Organisations* (Red Globe Press, 2018). His forthcoming book is on Germany's new right-wing populist party, the AfD (to be published by Sussex University Press in 2020). [Webpage: <https://klikauer.wordpress.com>; Email: t.klikauer@westernsydney.edu.au].